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[REDACTED]

Prospects of Iran Closing the Persian Gulf  
Talking Points for the DCI  
 27 September 1983

Summary

The Iran-Iraq war remains a stalemate with neither side able to win a decisive military victory on the ground. Ayatollah Khomeini is determined to continue the war until Iraqi President Saddam Hussein falls from power and we see no evidence of progress toward a negotiated settlement. Iraq is desperately searching for an action that will either end the war or relieve the country's financial burden.

Current Situation

After its defeats early this year, Iran decided to pursue a war of attrition punctuated by limited attacks.

- ° No major fighting has taken place since early last month, Iran achieved some limited gains in Iraq's Kurdish area in July but failed in attacks along the central border in August.
- ° The Iranians are preparing for new limited attacks in Iraq's Kurdish area before late October.

With oil exports limited to the Turkish pipeline, Iraq's economy soon will be strained to its limits. Iraq's current account deficit will reach an estimated \$15 billion this year and its foreign reserves will plummet to less than \$5 billion by year's end.

The Super Etendard

We believe Iraq is planning to break the stalemate by attacking Iranian oil exports. Baghdad's weapon for this escalation apparently is the French-built Super Etendard aircraft armed with Exocet missiles.

[REDACTED] Saddam's military advisers have urged him to use the Super Etendard to attack oil tankers serving Iran.

- ° France has assured the Iraqis that the contract for the Super Etendards will be honored. We have no information on a new delivery date. Paris is using the delay to calm the fears of its Western allies and Arab friends in the Gulf.

We have attached two copies of a typescript memorandum, Iran-Iraq War: Increased Threat to Gulf Oil Exports, which we have delivered to the working levels of key departments of the intelligence community, in case you would like to pass one to Mr. Clark.

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Talking Points for the DCI  
(27 September 1983)

If the cease-fire holds--a chancy proposition given factional animosities and the combatants' close proximity--President Gemayel and the leaders of the various Lebanese factional groups are to meet to discuss national reconciliation.

- To our knowledge, no date or agenda has been set for the conference, although the press reports that Saudi Arabia will be the host country.
- Along with the President, Pierre Gemayel, Druze leader Walid Junblatt, Shia leader Nabih Barri, and Saudi and Syrian observers will be among those attending the conference.
- As part of the cease-fire deal, Saudi Prince Bandar apparently promised President Assad that Saudi Arabia would urge the United States to seek rapid Israeli withdrawal from Lebanon. [REDACTED]

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The reconciliation talks are likely to break down. Christian hardliners will urge President Gemayel to accept only minimal changes in the political system. Syria, on the other hand, will press the Muslims and Druze to hold out for their maximum demands.

- Muslim and Druze leaders believe they have the Christians on the run, and will not be inclined to accept cosmetic changes that essentially preserve Christian hegemony.
- Christian hardliners probably believe that the US will support the Gemayel government even if it rejects Muslim and Druze demands for significant change.
- Both sides will be tempted to resume military and terrorist activity in the hope of extracting concessions and intimidating their opponents. [REDACTED]

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Although the cease-fire is generally holding, minor violations continue to occur; according to press reports, one Italian soldier was wounded today. The longer it takes to set a firm date for the reconciliation conference, the more precarious the cease-fire will become.

- Druze and Christian Lebanese Forces militia commanders already are criticizing publicly the cease-fire.

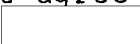
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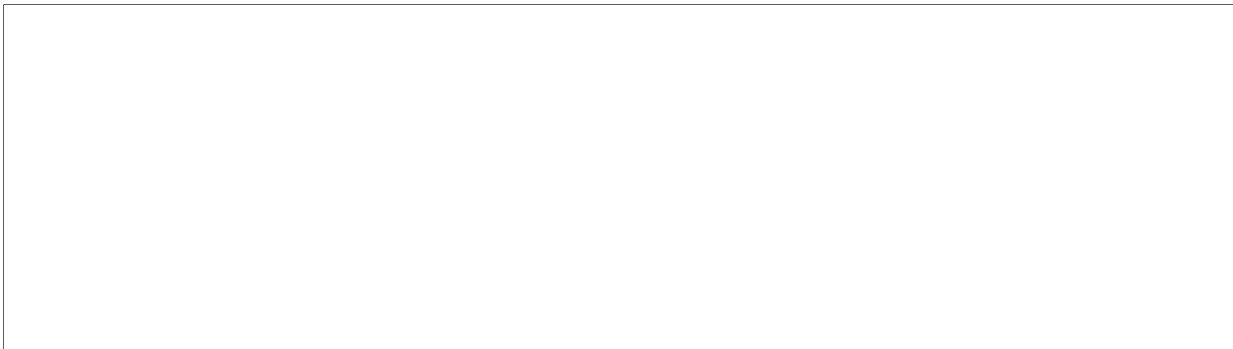
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-- The disputants committee which is supposed to work out the details of the cease-fire did not meet today as scheduled. The participants could not agree on a suitable location for their meeting. 

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